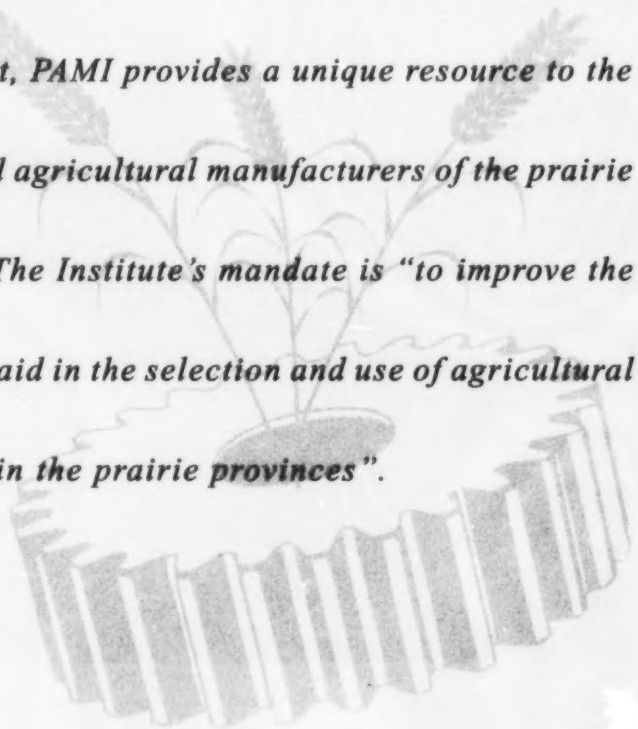
92-03309/

Under the authority of the Prairie Agricultural Machinery Institute Act, PAMI provides a unique resource to the farmers and agricultural manufacturers of the prairie provinces. The Institute's mandate is "to improve the design and aid in the selection and use of agricultural machinery in the prairie provinces".



Honourable Grant Devine
Premier and Minister
of Agriculture and Food
Province of Saskatchewan

Honourable
Glen Findlay
Minister of Agriculture
Province of Manitoba

MEMBERS OF COUNCIL

Standing (left to right):
Jim Hutch, Saskatchewan Research Council, Saskatoon, Saskatchewan
Jim Konkin, Farmer, Kamsack, Saskaktchewan
Tom Pringle, Manitoba Agriculture, Winnipeg, Manitoba.

Seated (left to right):
Gary Dunbar (Vice Chairman), Valmar Airflow Incorporated, Elie, Manitoba
Mervin Sigstad (Chairman), Farmer, Quill Lake, Saskatchewan

LETTER OF TRANSMITTAL

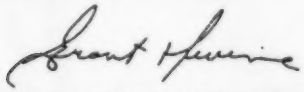
March 31, 1991

Her Honour
The Honourable Sylvia Fedoruk, O.C., S.O.M.
Lieutenant Governor
Province of Saskatchewan

Your Honour:

I have the honor to submit the Annual Report of the Prairie Agricultural Machinery Institute for the year ended March 31, 1991. The report includes the Financial Statements for the year, duly certified by the Provincial Auditor.

Respectfully Submitted



Honourable Grant Devine, Premier
Minister of Agriculture and Food

LETTER OF TRANSMITTAL

Humboldt, Saskatchewan
March 31, 1991

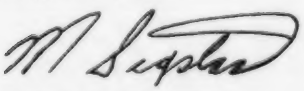
Honourable Grant Devine
Premier and Minister of Agriculture and Food
Province of Saskatchewan

Honourable Glen Findlay
Minister of Agriculture
Province of Manitoba

Sirs:

It is my honor to present the Annual Report and Audited Financial Statements of the Prairie Agricultural Machinery Institute for the year ended March 31, 1991.

Respectfully Submitted



M. Sigstad, Chairman
Prairie Agricultural Machinery Institute

REPORT OF THE CHAIRMAN

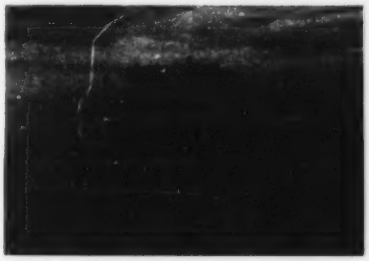
AN INVESTMENT IN OUR FUTURE

Agriculture and manufacturing are two important elements of the prairie economy. Through filling its mandate of "Improving the Design and Aiding in the Selection and Use of Agricultural Machinery in the Prairie Provinces", PAMI is working to meet the needs for both of these elements. PAMI's role is to bring leading edge engineering and testing services into partnership with farmers and the manufacturing industry to achieve effective resource utilization which results in ongoing benefits to clients, related industries and the public.

The Institute enjoyed reasonable success during the 1990/91 fiscal year. Fee-for-service revenues were up about 45% over the previous year while grant revenue, subscription income and investment incomes were down slightly. The financial statements indicate an overexpenditure of $84,000. However, $141,000 of capital assets were purchased during the year. Some of these purchases were not budgetted but were deemed necessary for current and future projects. PAMI's revenue profile has undergone significant changes since the implementation of our strategic plan. Fee-for-service projects now account for 41% of the total revenue base.

This was the first year for the new Employee Performance Management System. This system allows management and staff to jointly set performance objectives for each year and employee performance is then measured against these objectives. Also, a job evaluation process was initiated towards the end of the year enabling PAMI management to measure the net worth of a position to the organization and also allows for comparisons to jobs in other agencies.

Strategic planning is necessary in the rapidly changing world. In 1988, a five year strategic plan was developed and each year, PAMI management reviews and updates this plan. At the same time, progress is measured against past performance. Management have found the strategic plan as a useful tool in guiding them in their business decisions.



Networking and Business Development have become important activities in order to increase fee-for-service revenues. The ability of PAMI to utilize its capabilities in the non-agricultural sector will enable the Institute to expand its services in future years. Many of PAMI's traditional agriculture clients are using PAMI's services in their own diversification efforts to non-agricultural products. The Institute has conducted several non-agricultural projects and continues to promote services in these areas. Such projects provide welcome and new challenges for PAMI staff.

Our thanks go out to the Minister's of Agriculture for Manitoba and Saskatchewan for their continued support. Thanks to PAMI Council for their guidance and thanks to the PAMI Management and staff for their tireless efforts in getting the job done.

Mervin Sigstad
Chairman

THE PRAIRIE AGRICULTURAL MACHINERY INSTITUTE

This Annual Report covers the 16th year of operations for PAMI. During this 16 years, the Institute has experienced many changes. During the first few years of operating, the main focus was on providing performance data to the farmers with most revenue coming from provincial grants. The focus has now changed to serving the manufacturer and farmer as a team with much emphasis being placed on applied research and development with equipment manufacturers and for producer groups.

The Institute has a staff of 30 full time professional and support personnel and operates test stations in Portage la Prairie, Manitoba and Humboldt, Saskatchewan, with the Head Office located at Humboldt. The Institute is partially funded by the governments of Manitoba and Saskatchewan and is directed by a five member Council made up of farmers, government and industry representatives.

The Saskatchewan Research Council provides management services to PAMI on a contractual basis. This provides PAMI with a valuable link to other research organizations and provincial government departments and has resulted in the two agencies conducting joint projects.

PAMI maintains a close working relationship with the Alberta Farm Machinery Research Centre (AFMRC) in Lethbridge, Alberta. AFMRC was a PAMI test station until 1988. Programs are planned jointly to avoid duplication and information is exchanged and released jointly. For example, joint display booths were operated at the Western Canada Farm Progress Show in Regina, and the Prairie Implement Manufacturers Convention in Saskatoon. A memorandum of understanding exists between the two agencies.

Prairie manufacturers continue to utilize the services of the Institute to improve existing machines and to develop new machines. PAMI provides a wide variety of technical resources to small and medium sized manufacturers. Large manufacturers are also utilizing these services more frequently as PAMI can usually provide a quick turn around time on their projects.

EVALUATION

The level of evaluation has decreased slightly over the past year to allow for more resources to be directed to the development and research programs. Also, when selecting equipment for evaluation, methods of incorporating the evaluation project into a joint research project are investigated. During the year 30 machines were evaluated and reports were published on 39 machines. Machines reported on included electric fence controllers, heat recovery ventilators, mower conditioner, swath inverter, combines, granular applicator attachment, bale wrappers, pulse crop cutting equipment, windrower, field sprayers and round balers.

Machine evaluations are conducted on machines offered for sale to prairie farmers to determine performance characteristics, power requirements, workrates, safety and general suitability for prairie agricultural conditions. Field evaluations are conducted on prairie farms under typical prairie farming conditions. If required, field testing is supplemented by laboratory tests. Machine selection criteria includes the number of farmer requests for information, prototype design, capital cost, incorporation of new technology, difficulty of determining performance and current agricultural priorities.

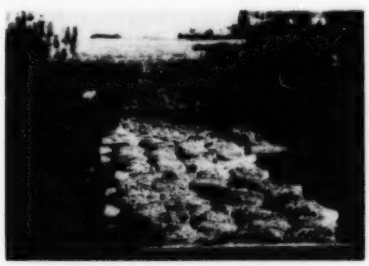
Evaluation reports are available by subscription or on an individual report request basis. PAMI subscribers are mostly from the prairie provinces, however, many subscribers are from Canada, United States and other foreign countries. Several foreign countries have used the Institute's evaluation program as a model to set up test institutions in their own countries.

DEVELOPMENT

The Development Program experienced a good year with revenues increasing by 45% over the previous year. A total of 74 projects were conducted for Canadian and United States manufacturers generating a total revenue of $767,105. This increase can be attributed mainly to aggressive business development, networking, expanded services and an expanded client base.

Most of the Institute's clients are small, prairie based manufacturers that required engineering and technical assistance for their product. Many basic engineering and manufacturing principles that apply to agricultural equipment also apply to non-agricultural equipment. As a result, PAMI is promoting its services to non-agricultural manufacturers.

During the year, a confidential test facility was constructed at the Humboldt Test Station. This provides PAMI with a facility that will ensure clients total confidentiality for their projects. Also during the year, an initiative to enhance the vibration facility housed at Portage la Prairie was started. Completion of this project is expected during the 1991/92 fiscal year.



Projects conducted during the year included: OECD Tractor Testing Roll Over Protective Structure Tests (ROPS), Vibration Testing, Livestock Scale Evaluation, Combine Evaluation and Design, Ambulance Testing, Natural Air Drying System Tests, Seat Belt Anchor Tests, Heat Recovery Ventilator Tests, and Assessment of Rail Hopper Car Gates Design.

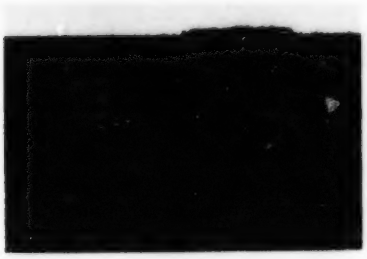
APPLIED RESEARCH

The Applied Research Program had a successful year with several projects being funded by the Saskatchewan Agriculture Development Fund. Other project sponsors included the Horned Cattle Trust Fund, Manitoba Agriculture, Manitoba Energy and Mines, Ontario Hydro, Canadian Electrical Association, Mani-

toba Hydro, Saskatchewan Pulse Crop Development Board, and Energy Mines and Resources Canada. During the year, applications were submitted to these and other funding agencies for several projects for the 1991/92 fiscal year.

Applied Research Projects are conducted on machinery related subjects to investigate mechanization to suit new crops, new agricultural practices, or to investigate new technology. The results of most applied research projects are now available to the public in condensed format or as an entire report.

Projects worked on during the year: Demonstration of Pasture Renovation Techniques, Development of Grain Moisture Sensors for Bin Moisture Sensoring, Demonstration of Various Manure Lagoon Covers, Assessment of Energy Free and Electrically Heated Stock Waterers, Investigate Various Methods of Storing Lentils to Reduce Oxidization, and Investigation into Bale Wrapping and Storage Techniques.



BUSINESS DEVELOPMENT AND INFORMATION SERVICES

Dissemination of information and the promotion of PAMI services continues to be a high priority for the Institute. In order to achieve a higher level of visibility and self sufficiency, PAMI's services must be aggressively promoted. During the year, many client contacts were made to both existing and potential clients. PAMI services were promoted in Canada, the United States and Europe.

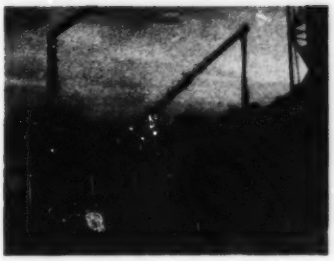
PAMI sponsored a promotional booth at the Annual SIMA Agricultural Show in Paris. The booth was a part of a Canadian display of Canadian manufacturers which was coordinated and partially funded by Western Economic Diversification. This trade show is held in conjunction with the annual Organization for Economic Development and Cooperation (OECD) Tractor Testing meetings for which PAMI is the Official Canadian OECD Tractor Testing Agency. PAMI jointly sponsored booths with the Alberta Farm Machinery Research Centre at the Western Canada Farm Progress Show in Regina and the Prairie Implement Manufacturers Convention in Saskatoon. The Institute also sponsored the Horned Hereford Competition at Agribition in Regina.

Throughout the year, PAMI staff attended numerous trade shows, meetings, seminars, and conventions. They also prepared press releases and gave several media presentations. A "PAMI News" letter was published during the year and a new internal staff newsletter was initiated. Tours of PAMI facilities were provided to visitors from several countries, including the Soviet Union, Australia, United States, and Thailand as well as tours from local groups and individuals.

PAMI is recognized world wide for its standards compliance testing. As a result PAMI staff are active on technical committees of Federal and Provincial Government Engineering Committees, Canadian Standards Association, Organization for Economic Cooperation and Development, and the American Society for Automotive Engineers. Contacts made through these organizations provide an excellent method of networking and gives our government partners, industry and farmers national and international exposure.

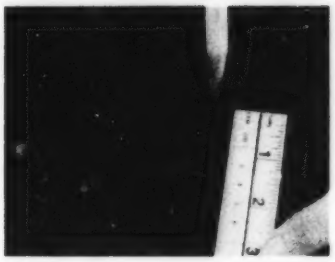
AUDITOR'S REPORT

To the members of the Legislative Assembly of Saskatchewan



I have audited the statement of financial position of the Prairie Agricultural Machinery Institute as at March 31, 1991 and the statements of revenue, expenditure and fund balance and changes in financial position for the year then ended. These financial statements are the responsibility of the Institute's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.



In my opinion, these financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

Regina, Saskatchewan
May 17, 1991

W.K. Strelioff, C.A.
Provincial Auditor

STATEMENTS

Statement 1

Statement of Financial Position as at March 31

Assets

	1991	1990
Current:		
Bank	$ 65,376	$ 96,811
Short term investments at cost	99,145	148,366
Accounts receivable	169,552	204,822
Advances	372	6,600
Prepaid expenses	16,691	15,689
	351,136	472,288
Fixed: at cost (Notes 1(a) and 3)	4,198,568	4,139,439
	$4,549,704	$4,611,727

Liabilities and Fund Balance

	1991	1990
Current Liabilities:		
Accounts payable	$ 255,051	$ 285,962
Unearned subscription revenue	39,789	42,460
	294,840	328,422
Non-current Liabilities:		
Unearned subscription revenue	60,126	66,314
Less current portion	39,789	42,460
	20,337	23,854
Fund balance:		
Fixed assets (Notes 1(a) and 3)	4,198,568	4,139,439
Operating (Statement 2)	35,959	120,012
	4,234,527	4,259,451
	$4,549,704	$4,611,727

Statement 2

Statement of Revenue, Expenditure and Fund Balance

Year Ended March 31

Revenue

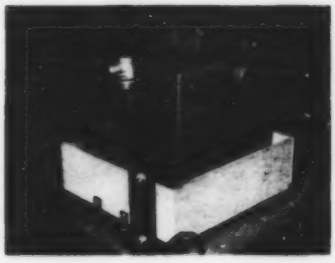
	1991	1990
Provincial grants (Note 1(d))		
-Saskatchewan	$ 903,000	$ 930,000
-Manitoba	401,000	413,000
	1,304,000	1,343,000
Fee for service (Note 1(c))	767,105	528,103
Subscription income (Note 1(b)	58,603	62,678
Investment income	50,597	54,887
Other income	34,753	53,032
Total revenue	2,215,058	2,041,700
Expenditure (Schedule 1)	2,299,111	2,130,612
Deficiency of revenue over expenditure	(84,053)	(88,912)
Fund balance, beginning of year	120,012	208,924
Fund balance, end of year (Statement 1)	$ 35,959	$ 120,012

(See accompanying notes to the financial statements)

Statement 3

Statement of Changes in Financial Position

Year Ended March 31



Cash provided by (used in) operating activities:

	1991	1990
Deficiency of revenue over expenditure	$ (84,053)	$ (88,912)
Changes in non-cash working capital		
Decrease in accounts receivable	35,270	31,007
Decrease in advances	6,228	270
(Increase) decrease in prepaid expenses	(1,002)	34,471
(Decrease) in accounts payable	(30,911)	(60,320)
Decrease in project advances	---	(28,997)
	9,585	(23,569)
(Decrease) increase in unearned subscription revenue	(6,188)	7,675
Cash used in operations	(80,656)	(104,806)
Cash and short term investments, beginning of year	245,177	349,983
Cash and short term investments, end of year	$ 164,521	$ 245,177

(See accompanying notes to the financial statements)

Notes to the Financial Statements

March 31, 1991

1. Significant Accounting Policies

These financial statements have been prepared in accordance with accounting policies that are considered appropriate for organizations of this type. The significant accounting policies are as follows:

a) Fixed Assets

The acquisition of fixed assets is financed primarily through grants received from the provinces of Manitoba and Saskatchewan and are accounted for on a fund accounting basis. In the statement of revenue, expenditure and fund balance (Statement 2), all grants are recorded as revenue and purchases of fixed assets are recorded as expenses. Accordingly, no provision has been

made for depreciation of fixed assets. To maintain accountability for fixed assets, they are recorded as a balance sheet asset with a corresponding entry to the Fund Balance "Fixed Assets".

b) Unearned Subscription Revenue

Subscription revenue for published reports is taken into an unearned subscription account as received and is amortized to income as the revenue is earned. The portion which relates to future years is shown as unearned subscription revenue in the Statement of Financial Position.

c) Fee for Service

Fee for service revenue on research contracts is recognized on the accrual basis to the extent that costs have been incurred.

d) Funding

In accordance with an agreement signed by the Provinces of Manitoba and Saskatchewan, funding of the operating budget is received in the following proportions:

Manitoba	30.77%
Saskatchewan	69.23%

The Institute, in accordance with the authority included in Order-in-Council 1800/79, follows the policy of retaining the excess of revenue over expenditure received in the year.

2. Incorporation

The Prairie Agricultural Machinery Institute was established as a body corporate under the Prairie Agricultural Machinery Institute Act, Chapter 2, 1973-74, Revised Statutes of Saskatchewan and is continued under Chapter P-21, Revised Statutes of Saskatchewan, 1978.

The purposes of the Institute include:

a) to test and appraise under actual or simulated working conditions, machinery sold or offered or intended for sale;

b) to publish such reports, pamphlets and bulletins as are consistent with the intent of the Act;

c) to undertake development work to improve and develop machinery for agricultural use.

3. Fixed Assets Balance: At Cost

	1991	1990
Buildings	$2,014,957	$1,943,891
Equipment	1,404,190	1,444,304
Land and improvements	292,378	292,378
Furniture	225,189	224,619
Vehicles	185,119	158,019
Equipment for evaluation	63,765	63,258
Reference material	12,970	12,970
Total Fixed Assets	$4,198,568	$4,139,439

4. Government Assistance

During the 1991 fiscal year, the Institute received government assistance related to employment of students in the following amounts:

	1991	1990
Government of Canada	$ 22,150	$ 20,817
Province of Manitoba	---	1,145
	$ 22,150	$ 21,962

These amounts are included in other income in the statement of revenue, expenditure and fund balance.

5. Contingency

The Prairie Agricultural Institute has been named as defendant in a law suit. The outcome of this legal proceeding is not determinable at this time. The amount payable, if any, will be funded by the provinces of Alberta, Saskatchewan, and Manitoba, in accordance with the agreement signed October 24, 1974, in the following proportions:

Alberta	35%
Manitoba	20%
Saskatchewan	45%

6. Related Party Transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various government departments, agencies and corporations with which the Prairie Agricultural Machinery Institute is related.

Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms.

7. Comparative Figures

Certain 1990 balances have been reclassified to conform with the current year's presentation.

Schedule 1

Schedule of Expenditure

Year Ended March 31

	1991	1990
Salaries	$1,283,749	$1,242,160
Travel and vehicle operations	141,263	115,713
Equipment	135,862	54,752
Employee benefits	132,809	128,883
Insurance, licenses and taxes	81,609	87,003
Contractual Services	72,810	47,903
Stationery and office supplies	70,378	71,772
Shop supplies	64,170	59,144
Telephone and telegraph	63,534	62,749
Utilities	50,637	56,936
Repairs and maintenance -building and equipment	46,820	28,207
Printing and binding	32,310	67,504
Bad debts	27,589	35,582
Advertising and promotion	25,314	21,243
Rent -building and equipment	19,364	9,428
-equipment to be evaluated	5,933	---
Professional and technical services	18,454	17,971
Computer services	14,111	13,918
Reference material	7,664	7,159
Honoraria	4,628	2585
Interest expense - leases	103	---
	$2,299,111	$2,130,612

STAFF MEMBERS

Head Office

Saskatchewan Research Council Management Representative
George MacKay

Operations Manager
Barrie Broad

Business Development Engineer
David Gullacher

Librarian
Sharon Doepker

Accounting Assistant
Marilyn Malinski

Clerical
Paulette Puetz

Humboldt Station

Station Manager
James Wassermann

Manager, Research and Development
Philip Leduc

Manager, Information Services
Ken Maloff

Project Managers
Craig Hanson
Les Hill
Darrell Lischynski
Gordon Hultgreen

Department Managers
Ted Bay
Greg Burton
Dave Kelly

Project Engineers/Technologist
Alan Boyden
Sheldon Grywacheski
Wayne Stock

Shop Technician
Murray Cook

Janitorial
Errol Cross

Administrative Assistant
Marina Haeusler

Clerical
Lori Auchstaetter

Portage la Prairie

Station Manager
Bruce Allan

Project Managers
Robert Harris
Doug May
Ryan Schott

Department Managers
Ken Carmichael
Dan Dyck
Murray Lone

Administrative Assistant
Lindy King